

Quality not quantity in the welfare state: Evaluation of social services and wellbeing in Europe, 2003-2012: Evidence from 29 Nations and 70,000 Respondents

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Abstract

Governments and human happiness

- Can governments improve the human condition?
- Can we increase human happiness just by spending more money?
- Or is it the quality of service provision that matters?
- In short, is the proper benchmark for the welfare state the **quantity** of money spent or the **quality** of the services provided?

Data

- To address this question we analyze the **European Quality of Life Surveys** conducted in three waves in 2003-2012
 - representative samples from 29 European countries
 - 70,000 individual respondents
 - appropriate individual-level controls
- Analysis: variance-components multi-level models

Results

- The quality of social services as evaluated by the public has a significant impact on subjective wellbeing, controlling for known individual-level predictors, our analyses reveal that the.
- By contrast, the amount spent on social services is irrelevant to well-being.
- Holds both for rich and poor.

Measurement

Quality of social services: The questions

(Q56) In general, how would you **rate the quality of each of the following** public services in [COUNTRY]? Please tell me on a scale of one to 10, where one means very poor quality and 10 means very high quality.

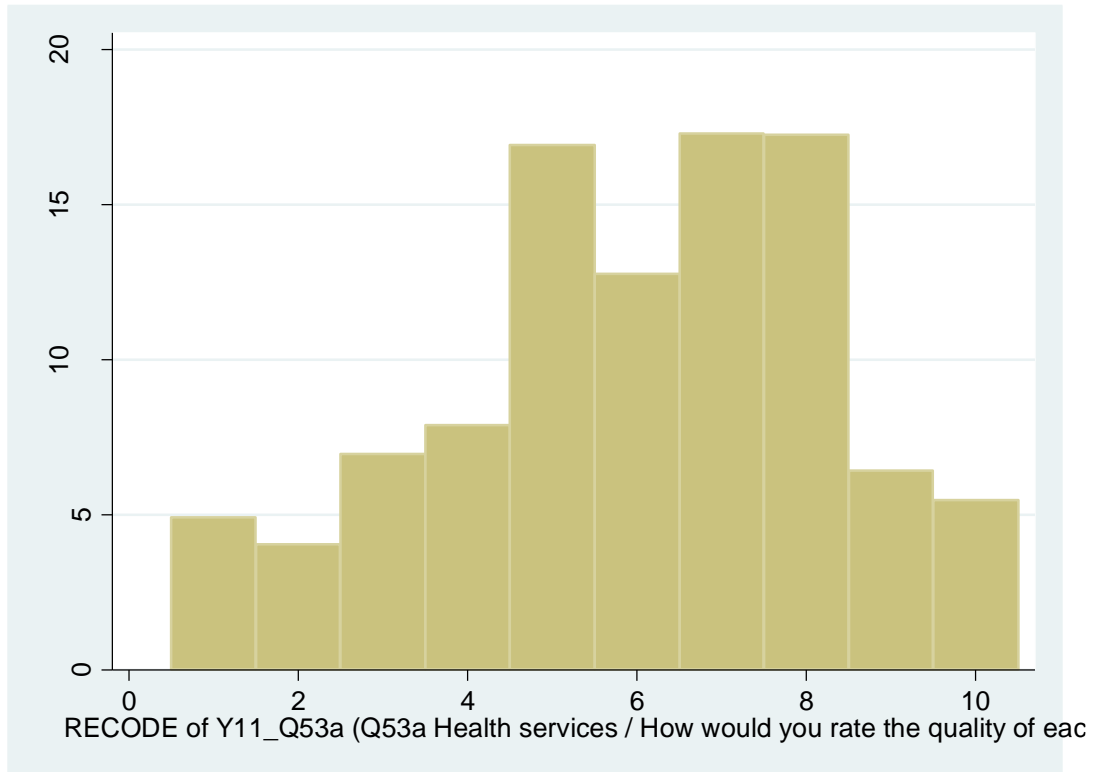
INT.: READ OUT AND SHOW CARD Q53 (scale)

FOR EACH ITEM ENTER SCORE GIVEN OR 11 FOR DON'T KNOW, 12 FOR REFUSAL

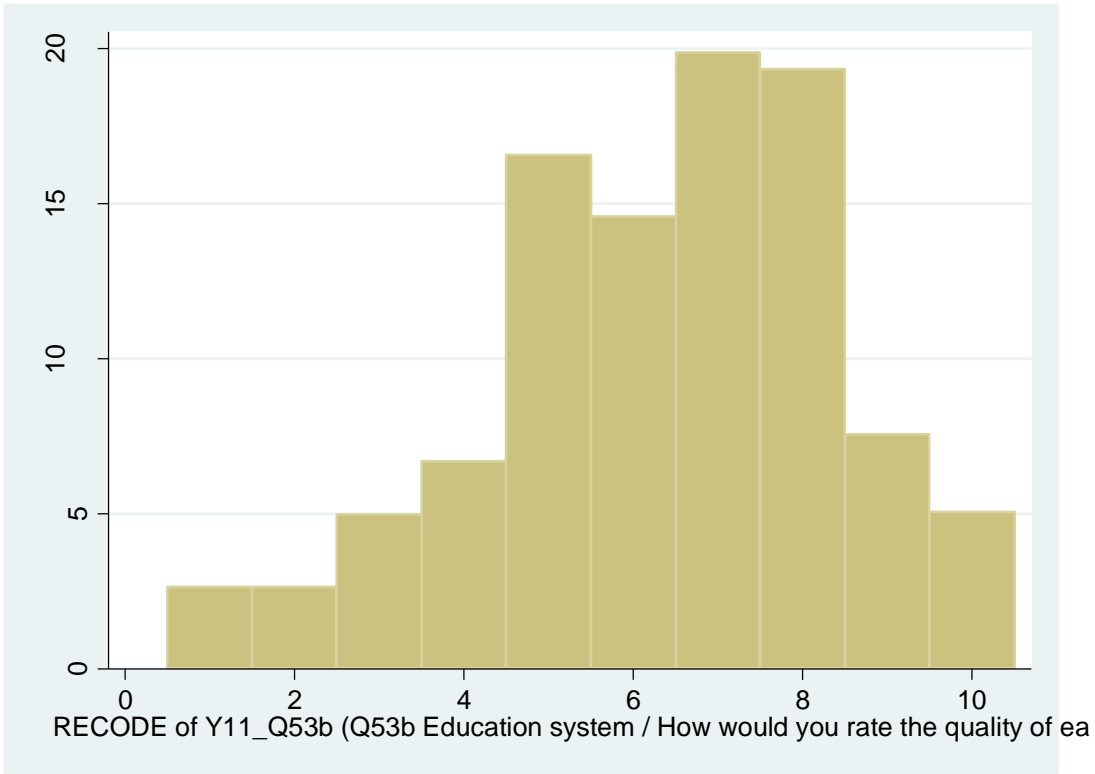
INT.: LONG TERM CARE: SERVICES FOR DEPENDENT PEOPLE BECAUSE OF OLD AGE, CHRONIC ILLNESS OR DISABILITY. SERVICES MAY BE GIVEN IN THE PERSON'S HOME OR IN CARE INSTITUTIONS.

- | | | | |
|------------------------------------|----|-----------------------------|-------|
| 2003, 2007, 2011 | a. | Health services | _____ |
| 2003, 2007, 2011 | b. | Educati on system | _____ |
| 2003, 2007, 2011 | c. | Public transport | _____ |
| Modified in 2007, 2011 | d. | Child care services | _____ |
| Modified in 2007, Modified in 2011 | e. | Long term care services | _____ |
| 2011 | f. | Social/municipal housing | _____ |
| 2003, 2007, 2011 | g. | State pension system | _____ |

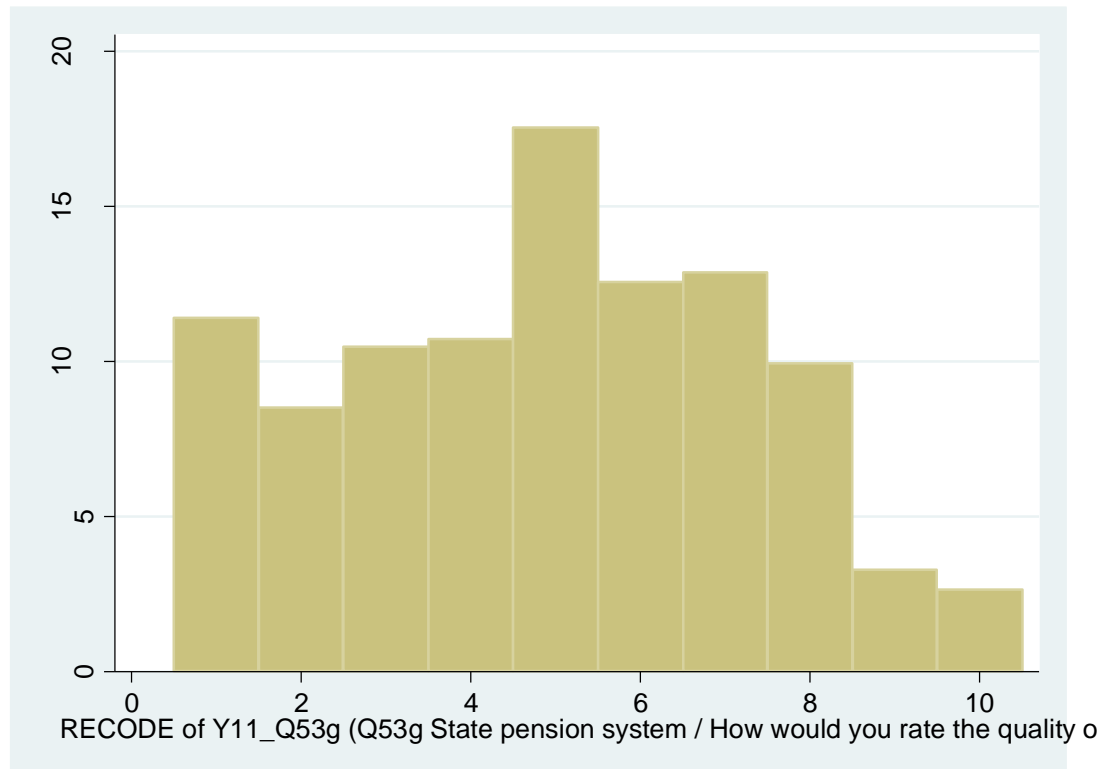
Health



Education



Pensions – a little less satisfied, especially by 2012



Means (points out of 10): Little change over time, except for pensions

Year of survey	mean (qHealth)	mean (qEd)	mean (qPension)	Freq.
2003	5.791457	6.256412	5.248131	23,399
2008	6.009666	6.39887	4.832952	32,627
2012	6.083216	6.310227	4.776042	37,548

Measurement properties are good

(obs=57201)

	qHealth	qEd	qPension
qHealth	1.0000		
qEd	0.6283	1.0000	
qPension	0.5033	0.4747	1.0000
welfSpendNAT	0.2726	0.1719	0.1664
gdpGB	0.3469	0.2606	0.2696
xRed	-0.2906	-0.1555	-0.2702
INC	0.2567	0.1953	0.2094
male	0.0298	-0.0063	0.0279
age	0.0600	0.0324	0.0771
married	0.0057	0.0152	0.0087
exmarried	0.0099	0.0051	-0.0033
ed	0.0472	0.0309	0.0144
chGo	-0.0516	-0.0174	-0.0048
endsMeet	0.2874	0.2439	0.3184
afford	0.2614	0.2208	0.2472
sat	0.3353	0.3240	0.3150

Spending on
social services
—
data from ILO
2010.
% of GDP

Country	Spending
24. Sweden	29
12. France	29
30. Macedonia	27
1. Austria	27
6. Germany	26
7. Denmark	26
2. Belgium	26
11. Finland	25
32. Serbia	24
29. Croatia	24
15. Italy	24
25. Slovenia	23
35. Norway	21
22. Portugal	21
13. Hungary	21
10. Spain	21
21. Poland	21
20. Netherlands	20
27. UK	20
9. Greece	20
5. Czech Republic	20
26. Slovakia	17
3. Bulgaria	17
16. Lithuania	16
14. Ireland	15
23. Romania	15
18. Latvia	14
28. Turkey	13
8. Estonia	13

Response variable: Wellbeing

Table 2. Measurement of subjective well-being: Inter-item correlations (Panel A); correlations with criterion variables (Panels B and C); confirmatory factor loadings from a structural equation model (Panel D); and means (Panel E); N=68,760 in 29 European nations.

	Life satisfaction	Happy
Panel A: Inter-item correlations		
Life satisfaction	1.00	
Happy	.67	1.00
Panel B: Correlations with criterion variables		
Age	-.11	-.03
Male	.03	.03
Education (years)	.16	.14
Family income (log)	.21	.26
Panel C: Correlations with national characteristics		
Mean income of the nation's elite	.18	.24
Panel D: Confirmatory factor loadings (SEM) [1]		
Standardized loading	.88	.76
Panel E: Means		
Mean (points out of 100)	64	69

Control variables

- **Poverty: Affordability** – average of all these (except furniture)

Q59. There are some things that many people cannot afford, even if they would like them. For each of the following things on this card, can I just check whether your household can afford it if you want it?

INT.: READ OUT AND SHOW CARD Q59

	1	2	98	99
	Yes, can afford if want	No, cannot afford it	(Don't know)	(Refusal)
a. Keeping your home adequately warm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Paying for a week's annual holiday away from home (not staying with relatives)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Replacing any worn-out furniture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. A meal with meat , chicken, fish every second day if you wanted it	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Buying new, rather than second-hand, clothes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Having friends or family for a drink or meal at least once a month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subjective poverty: “make ends meet”

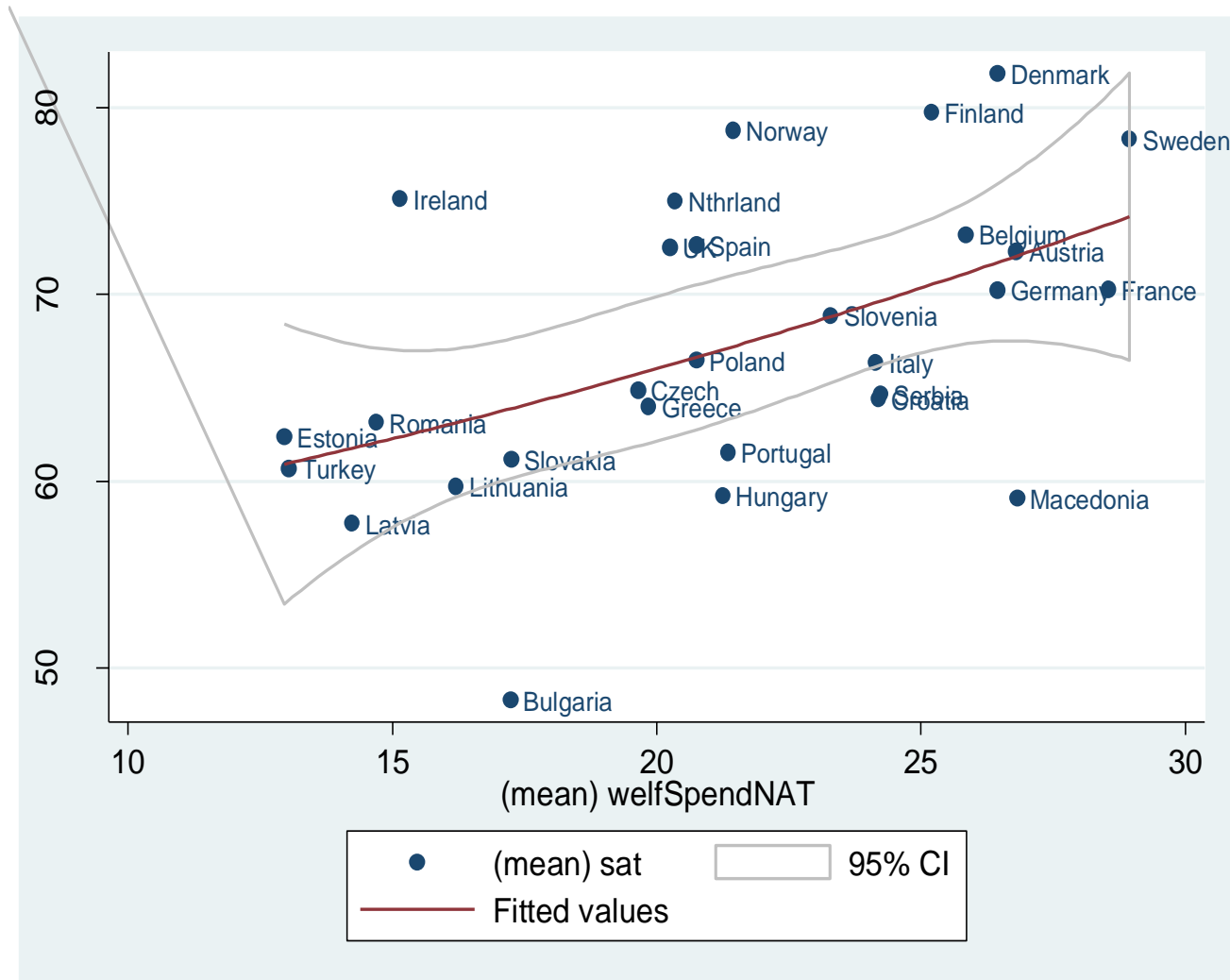
Q58. A household may have different sources of income and more than one household member may contribute to it. Thinking of your household’s total monthly income: is your household able to make ends meet....?

INT.: READ OUT AND SHOW CARD Q58 – ONE ANSWER ONLY

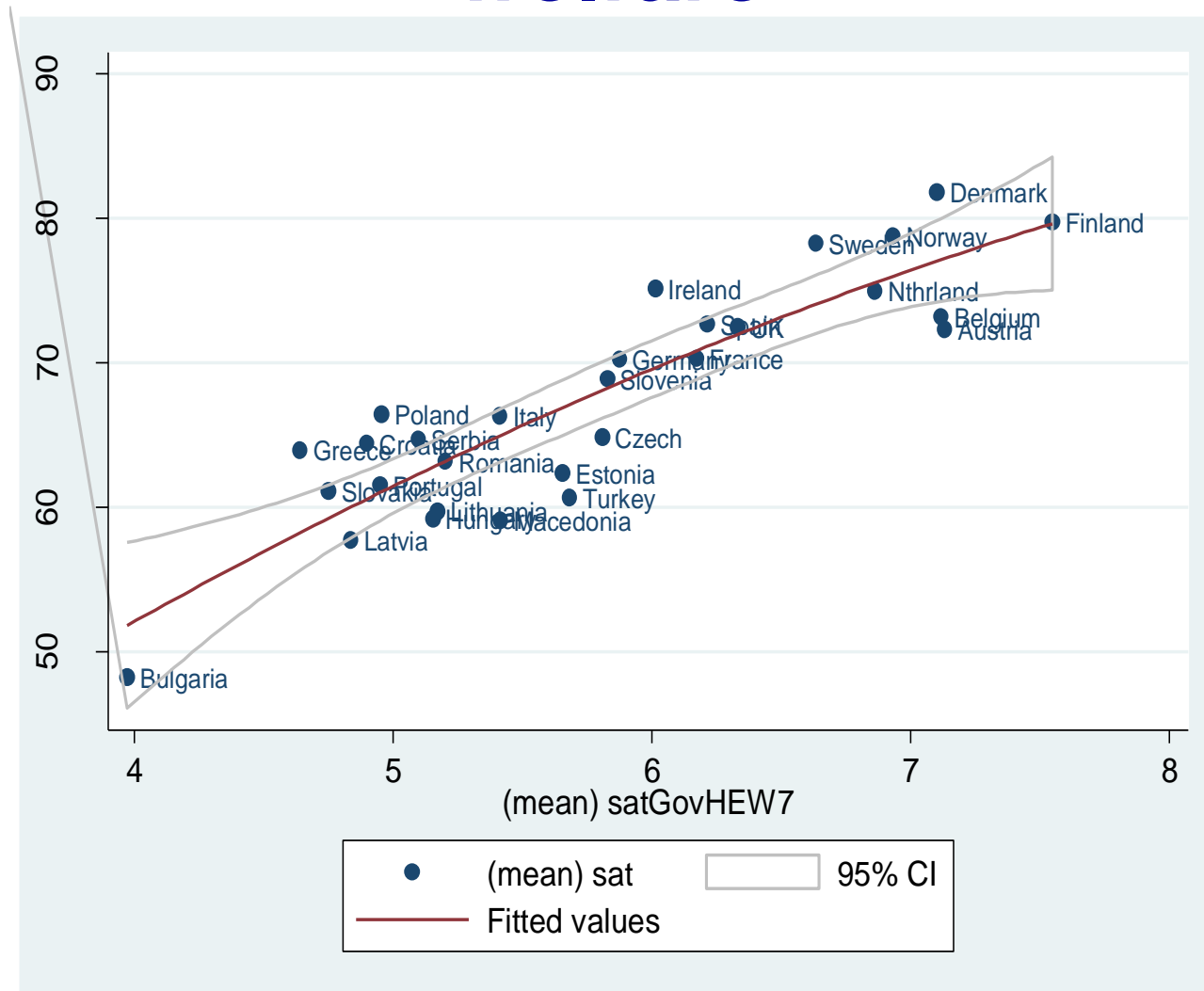
- 1 Very easily
- 2 Easily
- 3 Fairly easily
- 4 With some difficulty
- 5 With difficulty
- 6 With great difficulty

Results: National level

At the national level, wellbeing is correlated with spending ($t= 2.99, p<.01$)



But wellbeing is even more closely correlated with **satisfaction with welfare**



Results: *Analysis*

Multivariate analysis: welfare spending has no statistically significant effect

Predicting wellbeing: sat	(1)	(2)	(3)
gdpGB	0.193***	0.106***	0.056*
male	-0.018***	-0.038***	-0.035***
age	-0.016***	-0.041***	-0.046***
married	0.063***	0.081***	0.083***
exmarried	-0.083***	-0.034***	-0.035***
ed	0.100***	0.011**	0.020***
chGo	0.054***	0.050***	0.043***
INC	0.137***	0.001	0.005
xRed	-0.024	-0.007	-0.003
welfSpendNAT	0.038	-0.010	-0.024
endsMeet		0.267***	0.230***
afford		0.260***	0.244***
satGovHEW7			0.214***
N	69070	68674	68427

Standardized beta coefficients

* p<0.05, ** p<0.01, *** p<0.001

Social spending does not even help poor people (incomes under \$10000 per year)

	(1)	(2)	(3)
Predicting wellbeing: sat	sat	sat	sat
gdpGB	0.078*	0.043*	0.020
male	-0.035***	-0.048***	-0.042***
age	-0.027***	-0.035***	-0.037***
married	0.028**	0.053***	0.055***
exmarried	-0.071***	-0.040***	-0.040***
ed	0.110***	0.023***	0.041***
chGo	0.071***	0.058***	0.057***
INC	0.180***	0.040***	0.049***
xRed	-0.026	-0.013	-0.003
welfSpendNAT	0.013	-0.015	-0.028*
endsMeet		0.275***	0.232***
afford		0.239***	0.221***
satGovHEW7			0.232***
N	25873	25666	25471

Standardized beta coefficients

* p<0.05, ** p<0.01, *** p<0.001

Satisfaction with welfare spending matters a lot for prosperous people
(incomes over \$50000 per year, roughly the top 10%).

	(1)	(2)	(3)
Predicting wellbeing: sat	sat	sat	sat
gdpGB	0.153***	0.097***	0.066***
male	-0.027*	-0.031**	-0.033**
age	0.006	-0.035**	-0.043***
married	0.083***	0.123***	0.120***
exmarried	-0.044**	-0.013	-0.012
ed	0.038***	-0.000	-0.008
chGo	0.038***	0.028*	0.023*
INC	0.014	-0.008	-0.000
xRed	0.051**	0.044***	0.044***
welfSpendNAT	0.084**	0.065***	0.040***
endsMeet		0.211***	0.183***
afford		0.096***	0.088***
satGovHEW7			0.205***
N	8032	8019	8016

Standardized beta coefficients

* p<0.05, ** p<0.01, *** p<0.001

Discussion

European levels of spending on social services do not seem to be justified by increases in wellbeing: Quality matters, not quantity.

- **Quality** of social services as evaluated by the public has a large and statistically significant impact on subjective wellbeing, net of known individual-level predictors,
- **Amount spent** on social services is irrelevant to wellbeing.
- True for rich and poor
- Individual income increases wellbeing (by reducing subjective poverty and perceived constraints on spending).
- Hence, much of the \$ spent on health, education, and pensions in Europe could **more usefully be spent elsewhere** – perhaps by improving service delivery or by reducing taxes.

END